G. R. S. IX-5]

Previous references.

G.7149 of 14 cl 1123
February 1915

1916-17
(G.7)

File No. 226 of 16

Serial Nos. 1 and 2

Later references.

L.f 96-17 ff 1-2, 4, 9a,
" 12+13,
G.F. 22. 26. 1. B. Aug 18.
G.F. 22. 26. 2+3.
" 20. 27 ff 182

GENERAL AND REVENUE SECRETARIAT.

P. 8-E

Serial Nos. 1 and 2

Part B for May 1917

SUBJECT.

Levy of Supertax on Income or other Securities.

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cl 2.

To the Comptroller & Genl. } H.7100 dt 15.5.17

Forwards a copy of the letter

W D 88—GPB—50,000—24-7-16

G. R. S. 11] 1916-17

GENERAL AND REVENUE SECRETARIAT.

(Gl. Fin)

NOTES.

File No. 226-16

FILE HEADING.

Super-tax on Government or other gilt edged Securities

From

No.	Dated	Received

Diary No.	Enclos.	Spare Copies.	Serial No.

BRIEF ABSTRACT OF LETTER.

NOTES AND ORDERS.

NOTES—First Sheet.

R. D.

GPB—20,700 - -8 8-14

G. R. S. 12]

General and Revenue Secretariat.

File No. Revs 92 of 1916.

Serial No.

80/9-3-17

A/S Fri

Please scrutinize the recent Indian super-tax laws & find out whether the Mysore State is liable to super-tax on the income from 5% Promissory notes & Govt gilt-edged securities. Early.

M
8/3/17 18

2.
Sub^d with a copy of the G of I Gazette containing the bill and a copy of the Hindu of 1.3.1917 containing the Hon'ble Sir. W. Meyer's speech ~~are put up~~.

For 8% Jeypore copy please instead
18
17/3/17.

BRs
9.3.17

3. Please let me know if we are paying any income tax G of I. in connection with the income from Govt. Rupee securities as ~~Stock~~ Special Notes. If so please put up the papers if any also containing any discussion or correspondence in that connection.

Soon please. 18
10/3/17

4.
Sub^d. with G. I. letter 149-14 throwing some light on the subject.

BRs
13/3/17

Vide my endorsement below

Vide by endorsement below
18
17.3.17

Sec. file.

M
26/3

Sec. Fl. Secy has ordered that these papers should be kept pending for reply from Govt. of India called for 16/26/3/17.

NOTE—Contn. sheet

GPB—70,000—17-12-15

7 The Mysore Government is not liable to pay the Super-tax in respect of its income from 3½ per cent. of other gilt-edged securities or Municipal Debentures held by it for the following reasons:-

1. Section 3 of the new Super-tax (Act) runs as follows:-

In addition to the tax imposed by Section 4 of the principal act (Indian Income tax Act) there shall be charged and recovered and paid . . . by every person subject to this act and by every company, a super-tax upon the taxable income of such person or company computed at the rate specified in the schedule.

And under section 1 (2) of the act, the act extends to the whole of British India and applies also within the dominians of Princes and States in India in alliance with His Majesty, to British subjects in those dominions in the service of Government of India.....

(The words are underlined by me.)

Prima-facie - The Mysore Government is not liable to be taxed.

2. The wording of section 3 of this act is different from that of section 4 of the Income tax Act according to which the income tax is payable in respect of the sources of income specified in the second schedule to that act..

9 3. This distinction is clearly pointed out in para 3 of the statement of objects and reasons of the super-tax bill, wherein it is stated that the super-tax will in general be a tax on the incomes accruing to individual assesses and it will not be deducted "at the source" from dividends or interest on securities received by them .....

10 4. The above view is substantiated by following quotation from Seligman "The Income tax" page 198 explaining the scope of the "Super Tax"

"A second method of graduating the tax would be that of the so called 'supertax', that is a second tax distinct from and supplementary to the existing tax to be levied on individuals by direct personal assessment. . . . The Committee conceded that this new portion of the tax would be directly personal in its nature and that some of the objections just xxx urged would apply to the proposal. They considered however that these objections are modified to the extent that the tax which is now collected at the source would continue to be so ~~called~~ collected, consequently there would be no loss of revenue as the result of failure to obtain full disclosure for the direct personal tax."

11 5. Whatever may be the justification for levying income tax under section 13 of the

Incometax Act in respect of the income by way of interest on municipal debentures etc. or Government of India securities held otherwise than as ~~such~~ Stock notes ~~on~~ or the special form allowed to Native Chiefs under Article 214 A. Civil Account Code Vol. I, there is little doubt that the Mysore Government is not liable to super tax on that account.

6. In regard to income tax on interests on securities however the Indian Act seems to be different from the corresponding act in England, for according to the latter the tax on interest or dividends of any securities of a foreign state or a British possession which are payable in Great Britain shall not be assessed when the owner of the securities does not reside in Great Britain.(Page 42, 2nd)

18
17.2.17.

2747

G. R. S. 12]

General and Revenue Secretariat. | S-7 File No. 226 of 1916.

Serial No.	
1	From The F.A. Resident no. 3694 dt 10.5.17 Forwards copy of letter no. 915 F dt 24.4.17 from the Govt of India in the Finance Dept to the Controller of Currency, intimating that the Govt of India have decided to exempt from super tax the interest payable on Govt Pro notes held by Native States in the special form. 13) Subd with a draft to the Comptroller as directed by the Asst Secy on the Res't letter. This note on 'Super tax' is to be found in the foregoing pages. 12/5 14/Jasvant 12/5/17
2	To The Comptroller to Govt. H 7100 dt 15.5.17 Forwards Copy of the letter in Ser.

NOTE—Contn. sheet.

GPB —70,000—17-12-15

DIARY No 2747

(2)

Letter No. 915 F, dated the 24th April 1917, from the Government of India in the Finance Department, to the Controller of Currency.

I am directed to intimate that the Government of India have decided to exempt from super-tax the interest payable on Government Promissory notes held by Native States in the special form.

No. 3694.

Mysore Resident's Office,
Bangalore, dated the 10th May 1917.

A copy of the foregoing communication is forwarded to the Financial Secretary to the Government of Mysore, for information.

H. Sr. G. Fraser.

First Assistant Resident

G. R. S. 26]

File No. 226-16

Serial No.

GE... SEC... RIAT.
TYPE... SC.
12 MAY 1917

Diary No. of letter replied to 2147

No. H 7100

General and Revenue Secretariat
(G.7)
, *the* 191 .

To

The Comptroller to Govt

Sir

Date of issue 15-5-17

I am directed to forward herewith, for information, copy of letter no. 915 F dt 24.4.17 from the Govt of India in the Finance Dept to the Controller of Currency, intimating that they have decided to exempt from Super-tax the interest payable on Govt Promissory Notes held by Native States in the special form, ~~received with the Residency Memo No 3694 dt 10.5.17~~

Signed by

I have &c

Over.

for Secretary 12/5/17

SUBJECT.